

REPORT 1 9 9 9

YEAR ENDED 31 MARCH 2000



Smith & Wesson®



**FAMAS**



## Message from the President



Dear Shareholders,

World leader on the unique activity, 3P has opened new horizons introducing open market on December 9. We have managed to increase our visibility as with a financial public and among our customers and licensors (brand owners), expand our team by attracting talent n calves, grow our business and acclimatize to the stock market, to a new to grasp.

We are doubly pleased with the year just ended.

First, we believe we have our successful IPO, taking advantage of favorable period for this type of operation and beyond the current uncertainties. The value has been the subject of an offer to minimum price of 11 euros, today is around euros, while the stock market environment was quite shaken during this perio The introduction of 3P market free has allowed us to discover new compéten thanks to the recent arrival of a CFO within our teams.

Furthermore, during the year ended March 31, 2000, we reached consolidated business published chi 57.96 MF, up 44.5% and net income group share of 8.70 MF, up 60.7%.

These exceptional results are largely due to:

- the good progress known by our sales points, 20 corners are now pla
- the increase of the results of foreign company (sales grew by 68%), thanks in particular to the signing of several contracts sublicense with independent ja nais producers and a net position paper on the continent American.

Furthermore, we were able to enter a real opportunity on the real estate market investing in new premises better suited to our current growth. These new buildings offer us the opportunity to gather in one place if we and all our warehouses (formerly shared between sites): stoc streamlining productivity, improving communication, we feel all the benefits from aujourd.

Our outlook 2000-2001 appear to be excellent.

A new growth driver opens to us: the video game industry. Indeed, we have this year signed contracts with the Colt brand, Beretta, Tau and Desert Eagle (gun Lara Croft) for the manufacture and distribution of interactive vi guns, the first products will be marketed by the end of 'year. The group has made this new market its main axis of development and outcome PROMES are very encouraging, so we are very confident about the future persp tives then considered for the group.

On the other hand, the results of the year 2000 - 2001 will benefit from a new revenue source: royalties sub-licensing agreements in Japan and Taiwan. These cont allow 3P to accelerate cost penetration in this market very APPLICANT: for interactive games and replica weapons. They also demonstrate the strength and global ray ment of our exclusive licenses.

Under these conditions, we consider the continuation of per formance of 3P in the XM to best serve our shareholders, our main concern. All the energy of our employees seem meets this challenge.

Jérôme March



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## Company Background

**E**n 1983 Jérôme Marsac, enthusiast models, created with Vincent Bouvet CIMB Commercial and Industrial Marsac Bouvet's own import and distribution company of models and radio-controlled models from specialist dealers.

rapid growth in business (a business volume of 47MF in 1990 with a workforce of 30 people), enlargement of the range, CIMB quickly became the market leader in dynamic models in France. She JOUEF interests the group, national manufacturer of model trains, which it was sold in 1991 for \$ 9 million francs.

At the same time, "The Three Towers" is created in 1986 for models of trade " ready to fly "(as opposed to the kit). She gradually develops its activity (10 MF turnover in 1990), expands its range of models and became in 1993 an import company and distributor of original products .... Air Soft Gun, imitation replica guns projecting plastic beads 6mm. Low power and therefore harmless, these copies of weapons with multiple reproduction capabilities are reserved for adults only.


The company then became an SA sign in 1997 his first European exclusive license agreement (today expanded the world) with the manufacturer of weapons " Smith & Wesson ". This contract enables the import and distribution of brand models whose intellectual property rights are guaranteed. Other major dealers (Colt Whalter, Famas, Sig Sauer, Taurus, UZI, Springfield Armory, Desert Eagle ...), aware of the challenges it represents, are quick to follow suit. "The Three Towers" quickly becomes world leader in the exact replica of market licensed arms. Between 1996 and 1999 the turnover increased by 400%. Most of the brands owned by 3P knowing unparalleled reputation, guarantee the company a success story.

On 9 December 1999, the company enters the free market of the Paris Bourse.


At the beginning of 2000, 3P signs an exclusive worldwide license agreement with Colt on the brand and all of its models (including video pistols), Beretta and Taurus Desert Eagle are soon to follow. With video, 3P is embarking on an activity whose success may be overwhelming!

## The team


A young team, with a very strong complementarity

 **Jerome Marsac**  
President and CEO

 **Thierry Naccache**  
Operational and Commercial Director

 **Vincent Bouvet**  
Head of Legal and Social

 **Lawrence Wilk**  
Financial director

 **Lucile Marsac**  
Marketing and communication

 **Olivier Gualdoni**  
Export

 **Jean Pierre Glasse**  
France sales

 **Jean Louis Lorient Michel Moili**  
Inventory and Logistics

 **Claudine Puyo, Sylvie Durand**  
Accounting



## The Air Soft Gun: the heart of the leisure civilization

## A future prometteur

Plastic or metal, Soft Air Gun projecting plastic beads with a power of less than 0.5 joules, thus ensuring perfect safety. The price range of the products, manufactured exclusively in Asia (Taiwan, Japan and South Korea), extends 200 Francs to 3000 Francs with an average price of less than 400 francs.

### Three markets 3P

- the outdoor sport: excellence in leisure product, providing real sensations through optimal precision shooting, Soft Air shooters attract both amateur and professional.
- video games: offering exact replicas of the original weapons integrating the latest multimedia technologies enabling the use of the model on a video screen, 3P has in this market with a powerful competitive advantage.
- collectors: attracted to the accuracy and authenticity of replicas at a cost quite reasonable, they are for 3P loyal customers.

### An efficient distribution network.

3P has chosen to concentrate its actions on wholesalers and independent retailers, spread throughout Europe.

- Thus the year 1999/2000, the company made 30% of its sales from wholesalers, 17.3% among gunsmiths, 15.2% among video game stores and 37.5% from other independent retailers .

To develop these markets, 3P has launched the "windows contracts": provision of a window adapted to the presentation of exceptional payment products and deadlines. Their success is obvious since on average observed a doubling of sales per outlet following the accession to this commercial offer. 3P also has 2 direct operated stores giving it a real close to the final consumer and thus the constant improvement of products in the range. 3P intends to develop the concept in the coming years.

### A global market

Already strongly established abroad (nearly 50% of sales in 7 countries), 3P has two key markets outside France.

- Agreements in Asia: 3P signed for the first time in December 1999, three sub-licensing agreements with independent Japanese producers that give them the right to manufacture and distribute some of the brands which owns the license 3P. Today, 9 agreements were signed in Japan in Korea but also in other Asian countries. These allow beneficiaries to market legally Air Soft Gun on the Asian market, opening to 3P considerable market.
- The American presence: 3P develops 2 years now society "Softair USA" responsible for the organization and distribution of its products on the American continent. This helped its licensors and law firms, is now studying the best application of its distribution rights in the US.



### New Legal give favorable:

By signing with major brands exclusive license contracts up to 10 years, and investing successfully in many trials in trademark infringement, 3P has been one of the main instigators of a market consolidation. The agreements reached allow it to reproduce all the concerned brand models, and to fight against counterfeiters and distributors who sell these products without any rights. Only "official" manufacturer of gun replicas worldwide, 3P enjoys a monopoly position in its market and has the objective of supporting European customs to stem the tide of copies of the parallel market. Regulation of the European Communities No. 3295/94, published recently, transposes at European level the accreditation already held by the French and Spanish customs to pursue criminal counterfeiters infringes intellectual property rights. This regulation provides a real reduction of litigation costs incurred by the company in the past, and significant acceleration of 3P market share.

### Emerging developing markets

- Film professionals, are in the "Air Soft Gun" a unique product allowing them to significantly reduce security-related investments on film sets or when promoting a film.
- The low cost of AIR SOFT GUN compared to real weapons make, also a possible substitute for professionals within the drives (gendarmarie, police ...).

### The success of the corners of the policy:

The success of "showcases contracts" signed with distributors, was born the political corners. In partner stores, the corner can show the full range in his environment, relatively low costs. In late August, 22 corners are already open in Europe, demonstrate innovative marketing that has attracted the distribution.

### Video games: the excitement of a new niche

3P could sign several exclusive license agreements with the Colt brand, Beretta, Taurus and Desert Eagle (the famous Lara Croft gun), reflecting the strategic commitment to strengthen its position among distributors of video games, which represent today "hui over 25% of sales. In Europe there are over 5000 video game store where the appearance of the Air Soft Gun, recently, already a huge success with a younger audience, eager for novelty. By diversifying its activities, 3P should enjoy the leisure market boom.

## Analysis of activity

1

### Evolution of Turnover and Net Income (over 3 years) and Analysis

#### a) Preliminary remarks

This year, two important factors have had an impact on the analysis of the consolidated financial statements:

- 1,844 MF introductory costs are recorded in "Other external expenses" and immobilized. These costs are amortized over 3 years and the impact on the accounts for this year is 191,259 F recorded in depreciation and therefore are deducted from the operating result, while it is rather an exceptional charge.

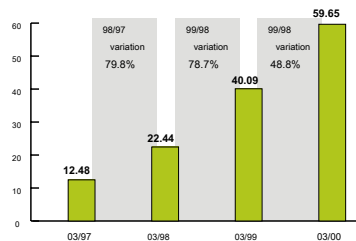
- Financial products are abnormally high. This is a bad accounting franc parity book that led to underestimate the turnover generated in England 1.686 MF to find this amount in positive foreign exchange difference. This anomaly is today

resolved.

#### b) A turnover in constant progression

Taking into account the two preceding remarks, and making the necessary adjustments for a more consistent view of the business year, the figure exercising consolidated sales amounted to 59.65 against 40.09 MF MF the previous year, an increase of 48.8%. Turnover multiplied by 4.8 in 3 years, is the result of a rapid and strong hold market share "Aissoft" 3P in France and Europe.

Taking into account sales under brand 14MF corresponding to licensed royalties (700 KF), we can consider that the pro forma turnover registered by trademark 3P is 73 MF.

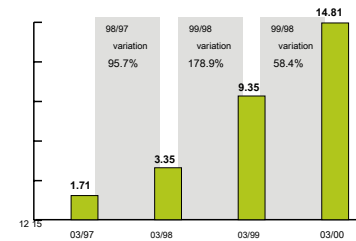


Sales in MF

#### c) Intermediate balances still very high

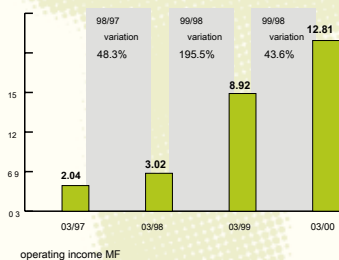
The crude result amounts to 14.81 MF or an increase of 58.4%. This increase, higher than that of sales made by indicating mastery of external expenses and personnel.

Gross profit increased by 8.6 in 3 years:



crude result in MF 0 3 6 9

Operating income rose 43.6% is penalized by provisions for doubtful accounts. These provisions were made very cautiously and could settle on the current year by substantial occasions. Operating income was multiplied by 6.3 in 3 years:

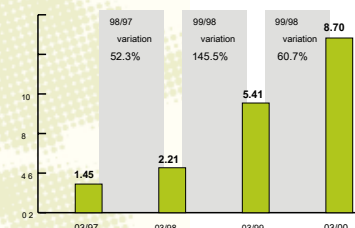


operating income MF

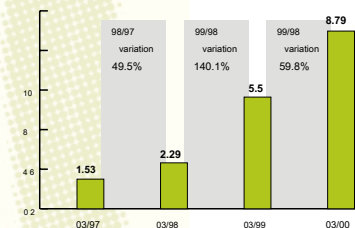
#### d) Net income much higher

The net income group amounted to 8.70 w MF regression of 60.7%. Excluding listing costs would have been

8.98 MF up 63.3%, revealing u net margin of 15.1%. Net income was multiplied by six in three years.

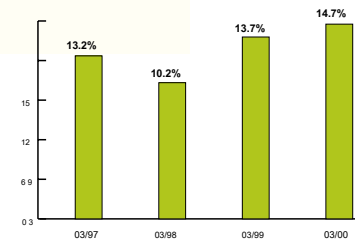


net result MF



Evolution of net income adjusted for amortization of Surva

After a stabilization net margin in 1997 autour 10%, the evolution continues to be very positive:



Evolution of net margin in%

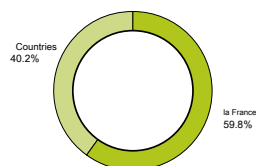
## Analysis of activity

2

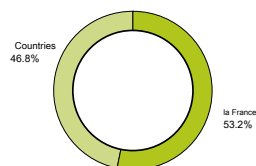
### Distribution of revenue

#### a) Breakdown by region

Revenues still for more than half French.



France / Export to March 1999 Other

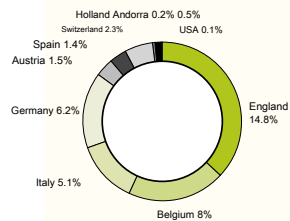


France / Export to March 2000 Other  
Do not include income from Asian sub-licenses

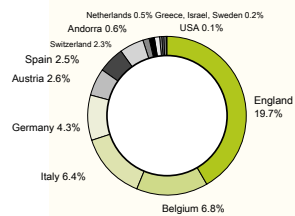
The change however appears very clearly favorable for export, and turnover abroad should be majority already in 2000.

Indeed, 3P continues its development efforts abroad.

New countries such as Denmark, Greece, Israel and Sweden are among our clients today. However, it is the US which should experience a sharp increase this year.



Export to March 1999



Export to March 2000  
Do not include income from Asian sub-licenses

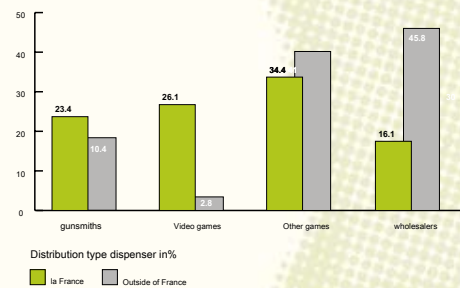
#### b) Breakdown by distributors

3P distribution policies are largely illustrated here:

- France, gunsmiths take a historical place, but the video game shops are now the majority. The distribution is in large part directly (few wholesalers) with a thorough understanding of customer needs.

- abroad, the choice has logically focused on indirect distribution and our products are not yet fully represented in video game stores.

This situation should change significantly in fiscal 2000, given the choice of 3P to engage fully in the video game market.

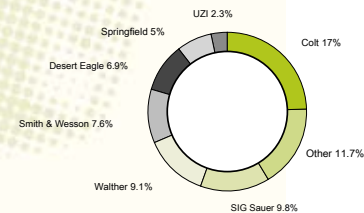


Distribution type dispenser in%  
■ In France ■ Outside of France

#### c) Distribution by brand

Colt brand remains by far the most sold and p ment justifies 3P investment policy on the exercise of the purchase COLT license will decrease in the av ne the overall cost of royalties.

This table can also measure the impact of No "natural publicists": the release of the latest Bond Jam strongly influenced sales Walther P9 Finally, the effect "Lara Croft" is no slouch as statistics show sales of the Desert Eagle, this q suggests excellent prospects for output the interactive version on Playstation.



Breakdown by Brand

## Analysis of activity

3

### Summary of the licenses 3P

Besides purchasing the license COLT, the year was marked by negotiating new licenses such as Beretta, and the variation of existing licenses such as Desert Eagle and Taurus in the video games. These new licenses will start our "interactive" activity on such solid foundations as those of "Airsoft".

licensor	Signature	Effective Date	exclusiveness	Territory	Object
Colt	27/01/98	01/04/97	YES	WORLD	Air Soft Toys
Smith & Wesson	05/03/97	01/04/97	YES	WORLD	Soft Air Soft Air Soft
Walther	05/11/97	01/12/97	YES	EUROPE	Air Soft Air Soft Air Soft
Sig Sauer	02/04/97	01/04/94	YES	EUROPE	Air Soft Air and Video
Springfield & Armory	14/10/98	01/04/98	YES	EUROPE	Games and Video
UZI	15/09/98	01/09/98	YES	WORLD	Games
Desert Eagle	04/06/98	04/06/98	YES	WORLD	
Taurus	22/03/99	22/03/99	YES	WORLD	
Beretta	30/07/99	30/07/99	YES	WORLD	Soft Air
Famas	14/03/00	01/04/00	YES	WORLD	Video Games

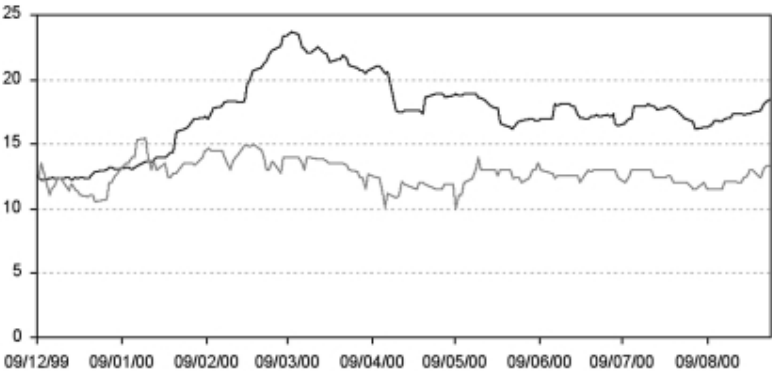
The 3P licenses

4

### stock information

Evolution of the share price

A first phase was held up until February with a high of 15.5 euros, followed by a consolidation phase that was general until May The index surper formed on the first three due to the effect of "Internet stocks". Since then, the title follows the evolution of the index with an average volume of 1600 shares. On 31 August, the rise in the index was 47.4% against 6.4% for the 3P action.



Action 3P / Free Market Index

Index  
3P



## Board Management Report

Ladies and Gentlemen,

You are gathered for their annual meeting in order to approve the financial statements for the twelve months ended 31 March 2000.

All corporate documents have been communicated or made available to the conditions and limits provided by law.

The company DYNEXPERT and Fidula company auditors, you will also read their reports.

Review of the company's position

During the year ended 31 March 2000, the company achieved a corporate turnover excluding taxes MF 57.8, an increase of 44.5%. Revenues 3P group amounted to 58 MF, up 44.8%. The consolidated group is as follows:

- 3P SA
- Microtrade (consolidated)
- CHL (proportional integration 50%)

This strong increase is due, firstly, to the growth of the business points of existing sales and, by t, increasing the number of outlets, particularly abroad. Territorial development is largely due to a strong trade policy based on the identification of our products through "windows" installed at our customers dealers.

The social operating result amounted to 9.4 MF 9% increase is largely impacted by the introduction of fees on the open market. Consolidated operating income totaled 10.9 FM, up 22.5%.

After taking into account a tax on profits of 4.5 MF 5.1 MF social and consolidated, net income came to 8.5 and 8.7 Social MF MF be consolidated net margins respectively

14.7% and 15%.

Significant events during the fiscal year ended March 31, 2000

The introduction of the free market December 9, 1999 opened new horizons to 3P. The immediate effect has been an increase in awareness of the company both in the public and in relations with its financial partners. This event, in addition, permits to expand administrative and management teams by attracting new talent.

COLT is the most recognized brand in the world; so the purchase of this license was a key factor for 3P. His significant amount is related to the duration of the agreement and the notoriety of the name. This signature has resulted in an international awareness of the entire por folio 3P licenses.

A first consequence consisted of the significant increase in license revenues in Asia. This latest realization of the right to intellectual property in this area is an important step in the development of 3P strategy.

Company activity in research and development

No charge for research and development has been recognized during the period.

Developments and Prospects

3P continues its regional development on three fronts:

- beginning of the marketing in the United States, which could be the single most engine next year
- increasing the number of customers, mainly for export
- continuing breakthrough in Asia with a target of 10 clients and royalties under sharp increase in licenses

Moreover, the local change occurred in the first half of 2000 could have a slight negative impact on the business but will increase the Group's productivity from 2001 through rationalization of inventories (grouping in one warehouse) . Finally, the second half will be characterized by the entry of 3P in a new market segment, the gun replica for video games. The company has already negotiated four licenses for the new domain, including the Colt and prestigious Berretta. The first model will be the weapon of Lara Croft: the Desert Eagle.

May 2000 saw the completion of the first trial being initiated by 3P, and the infringer is ordered to pay 305,000 F for the benefit of our society. Other procedures are still under investigation.

Proposed resolutions

It is proposed to allocate the net profit for the year, amounting to 8,516,603 francs, plus the retained earnings of 1,929,582 francs, an amount of 10,446,185 francs, as follows:

- F 320,000 to the account "legal reserve"
- 6,000,000 F to the account "other reserves"
- 2,000,000 F dividend or net 1 F / share involves a tax credit of 0.50 F / Action
- 2126185 F account "retained earnings".

It is specified that the dividends distributed for the three previous years were as follows:

drill	Number of actions	Net dividends per share	Tax credit per share	Total amount of
March 1997	80,000	8.50 F	4.25 F	680,000 F
March 1998	80,000	10.00 F	5.00 F	800,000 F
March 1999	400,000	3.00 F	1.50 F	1,200,000 F
March 2000	2,000,000	1.00 F	0.50 F	2,000,000 F

You are asked to set attendance fees to 50,000 francs exercise

2000/2001.

We offer also adopted other resolutions listed on the agenda and that it will be you read.

Board of directors





## BALANCE SHEET ASSETS

SECTIONS	Gross	Amortization	31 March 00	31 March 99
<strong>INTANGIBLE ASSETS</strong>				
Administration fees	1 884 284 11	191 259	1 693 025 10	
Concessions, patents, similar rights to acquire	171 844	297 672	874 172	58,093,592,316
Difference	846 166 40	338 466	507 700 40	40,000
Other intangible assets	000		000	
<strong>PROPERTY</strong>				
land Buildings	338,250		338 250	642,070
	1,201,750	811181	390 569 45	1,239,688
Plant, equipment Other fixed assets	50 737 2	5197305199	540 1 735	
	040 729		590	562012
<strong>INVESTMENTS</strong>				
Other investments	183 991		183 991	189 814
loans	757 605		757 605	37500751308
Other financial assets	519 410		519 410	
<strong>FIXED ASSETS</strong>	<strong>19034766</strong>	<strong>1948914</strong>	<strong>17,085,852</strong>	<strong>4112801</strong>
<strong>INVENTORIES AND WORK IN PROGRESS</strong>				
Stocks of Goods	15,783,578	62,342	15,721,236	8406718
<strong>RECEIVABLES</strong>				
Trade receivables and related accounts States -	9 761 504 127	621 158	9 140 346 127	4540958
Deferred taxes	927 5282411		927 5282411	
other receivables	8762844		8762844	3 594 518 7
availability				070 615
<strong>REGULARISATION ACCOUNT</strong>				
Prepaid expenses	230 140		230 140	214 025
<strong>CURRENT ASSETS</strong>	<strong>39948404</strong>	<strong>683500</strong>	<strong>39,264,904</strong>	<strong>23826834</strong>
active conversion deviation	49751		49751	126 468
<strong>TOTAL</strong>	<strong>59032921</strong>	<strong>2632414</strong>	<strong>56,400,507</strong>	<strong>28,066,103</strong>

## LIABILITIES

SECTIONS	31 March 00	31 March 99
Social or individual capital (including paid: 4,000,000) Legal reserves	4000000	800 000 80
Other reserves Retained Reserves Group again INCOME FOR THE	80 000	000 426 307
YEAR (profit or loss)	426 307 3	2 445 308
	481 088	
	8681544	5391101
<strong>EQUITY</strong>	<strong>16,668,940</strong>	<strong>9142716</strong>
Minority interests Minority	43 409 14	
Reserves	812	
<strong>MINORITY INTERESTS</strong>	<strong>58221</strong>	
Provisions for liabilities Provisions for	1 014 654 228	230 666
deferred taxes	222	208 968
<strong>PROVISIONS RISKS, CHARGES</strong>	<strong>1242876</strong>	<strong>439634</strong>
<strong>FINANCIAL DEBTS</strong>		
Borrowings from credit institutions Other borrowings and financial liabilities	16 508 217 8	7 770 479 1
Advances received on contracts in progress	190 527	426 674
	11,302	5398
<strong>EXPLOITATION DEBT</strong>		
Trade payables and related accounts Taxes and social	5 579 674 3	5 049 384 3
security	850 953	466 906
<strong>OTHER DEBTS</strong>		
Debts on fixed assets and related accounts Other liabilities	3 447 687 407	
	271	747089
<strong>REGULARISATION ACCOUNT</strong>		
Deferred	434 838	17823
<strong>DEBTS</strong>	<strong>38,430,469</strong>	<strong>18,483,753</strong>
<strong>TOTAL</strong>	<strong>56,400,507</strong>	<strong>28,066,103</strong>

INCOME STATEMENT (1<sup>st</sup> part)

SECTIONS	la France	Export	31 March 00	31 March 99
Sale of goods	31,505,903	25899014	57404917	39788317
Production sold goods				
Production sold services	554 211		554210	303 426
NET SALES	32,060,114	25899014	57959128	40091743
Immobilised production			1844284	
Operating grants			48 426 91	24 000
Reversals depreciation, provisions, expense transfers			034 496	319 577
Others products			703	182 702
EXPLOITATION PRODUCT			60439576	40618022
Purchases of goods (and duties) Change in inventories of goods			30 858 226 7 712	18 196 339 2
Purchases of raw materials, supplies			228 523 246	392 339 150
Change in inventory (raw materials, supplies) Other purchases, external expenses			17,366,199	11,080,226
Taxes and similar payments Wages			411 469 3	180 999 2
			570 031 818	388 933 608
social security costs			242 703 036	325 228 169
Depreciation Depreciation on fixed assets Depreciation and provisions on current assets Depreciation Provisions for risks and charges			629 836 860	103 758 104
			705 1 481	198 1 054
Other expenses			692	955
EXPLOITATION CHARGES			49510454	31703599
OPERATING INCOME			10,929,122	8914424
other interests and similar products			96 965	71 066 50
Reversals of provisions and expense transfers Foreign exchange gains			126 468 3	688 355
			389 571	228
Net income transfers securities			2131	
FINANCIAL PRODUCTS			3615135	476982
amortization financial allocations and provisions Interest expense			49 751	126 468
Foreign exchange losses			717 421 2	494 203
			365 610	373 691
Net expenses disposals securities				5761
FINANCIAL EXPENSES			3132782	1000123
BOTTOM LINE			482353	523141
CURRENT RESULT BEFORE TAX			11,411,475	8391283

INCOME STATEMENT (2<sup>nd</sup> part)

SECTIONS	31 March 00	31 March 99
Extraordinary income from management operations Exceptional income from capital transactions Reversals of provisions and expense transfers	650,424 3,046,715	60446
EXCEPTIONAL PRODUCTS	3697139	60446
Extraordinary expenses on management operations Exceptional expenses on capital transactions Exceptional depreciation, amortization, provisions	280,190 1,056,008 44,409	113663
EXTRAORDINARY CHARGES	1380607	113663
EXCEPTIONAL RESULT	2316532	53217
Depreciation Amortization of goodwill employee profit participation of the Taxation expansion in deferred tax benefits on profits	84,616 5 055 707 108 672	84,616 2843701 18,647
Total products	67,751,850	41,155,449
TOTAL EXPENSES	59,055,494	35764348
Income from consolidated companies	8696356	5391101
Result Out Group Result Group	8681544 14812	5391101

## CASH FLOW

Opening cash Closing cash impact from fluctuations of foreign currency	- 4 711 908 4 083 915 - 76717	
Change in cash		- 704710



ANNEX

*The notes and tables below are an integral part of the consolidated financial statements and constitute an appendix to the balance sheet for the year ended 31 March 2000.*

*The consolidated financial statements have been prepared in accordance with the consolidation principles established by the National Accounting Council relating to the implementation of the Decree of 22 June 1999 approving the new rules of the consolidated accounts published by the Committee of the accounting regulations.*

*Unless otherwise stated, the data are presented in francs.*

Note 1

Methods and consolidation

Method

Companies in which the 3P company has exclusive control are consolidated by the method of global integration. The company for which 3P has joint control has been proportionately consolidated.

Company included in the scope of consolidation

	Method	
	Integration%	interest
3P 6, rue Jean-Jacques Rousseau 91350 Origny	Parent company	
Microtrade SARL 3 Street homes L1537 Luxembourg	Integration overall	100%
COUNTER HOBBY CLUB SARL 2, rue des Innocents 75001 Paris	Integration proportional 50%	
SHOOTING PLANET Unlimited 157 Praed Street LONDON W RL 21	Integration overall	51%

The parent company or the 3P company integrates Microtrade SARL companies SHOOTING PLANET Unlimited and COUNTER HOBBY LEISURE SARL.

The company Shooting Planet, whose activity was not significant on consolidation 1999 was built this year for the first time.

The CHL society is integrated for the first time this year. His first year of opening is 18 months.

Company excluded from the scope of consolidation  
Freiburghaus Company (CP 149, 1225 CHENBURG SWITZERLAND) The company is owned 22% by 3P. The company, agent for Switzerland, closed its last financial year on 31 December 1999. The 3P company has no significant influence on Freiburghaus, this one was excluded from the scope of consolidation.

Note 2

Principles Accounting policies

The 3P company and all its consolidated subsidiaries stop their year to 31 March.

Difference on consolidation

Goodwill was determined at the date of entry into the scope of consolidation for all group companies.

Goodwill so determined were brought to the balance sheet under "Goodwill" and amortized over a period of 10 years.

Conversion of financial statements of foreign subsidiaries  
The accounts of foreign subsidiaries have been converted into Swiss francs, taking into account the historical rates for the conversion of the share capital, the closing rate for other balance sheet accounts and the average rate for the income statement.

Income taxes  
Deferred taxes have been accounted for using the liability method for temporary differences existing

between accounting and tax values of assets and liabilities on the balance sheet.

The withheld tax rate is 36.66% for French companies at 31 March 2000,

- tax rate of corporation: 33.33%
- Contribution 10% (Law 1995): 3.33%

In fiscal deficit situation, deferred tax assets are only recognized if their recovery is probable.

tangible assets  
Tangible assets are valued at their acquisition cost or at cost plus incidental expenses, excluding acquisition costs of fixed assets or production cost.

Depreciation is calculated using the modes and times usually admitted.

Designation	duration of amort.	Fashion of amort.
Construction	20 years	Linear
fixtures	5 to 10 years	Linear
showcases sustainable and equipment	10 years	Linear
Transportation equipment	3 years	Linear
furniture	4 to 5 years	Straight-line or reducing balance
Office and computer equipment	4 to 5 years	Linear
demonstration equipment	5 years	Linear

Intangible assets

Resort fee. The IPO costs are depreciated over a 3 year period using the straight.

Concessions, patents, trademarks. The trademark registration rights, trademarks registrations paid INPI FOMPI or other agencies provide protection for at least 10 years. They are then renewed for 10 years. These investments are amortized over 10 years on a straight.

The exclusive reproduction licenses are depreciated according to the contract, using the straight.

Software is depreciated over 1 year on a straight.

financial assets

Other investments Other investments are valued at acquisition cost. At the end of the year, a provision is made when the value is less than the input value in the balance.

Other financial assets Other financial assets consist of loans as well as deposits and guarantees.

stocks  
Inventories of raw materials are measured using the weighted average unit cost.

The gross value of goods and supplies includes the purchase price and related expenses.

The slow-moving items are subject to an impairment up to 50%.

Receivables and payables

Receivables and debt are recorded at nominal value.

A provision for impairment is performed when it appears a probable loss in accordance with the precautionary principle. Provisions for impairment recognized are individualized and not the result of an overall estimate.

Foreign currency transactions

Receivables, debts and availabilities in foreign currencies are translated and recorded in francs on the basis of the course of the day of the operation.

At the end of the year, all operations in the balance sheet are converted based on the conversion rate on the date of the financial statements, translation differences are recognized in suspense accounts.

Retirement commitments

The commitments for retirement benefits are not provided in view of the age average low enrollment.

Various

The other components of the balance sheet and income statement are evaluated and presented in accordance with accounting and tax standards generally accepted.



## Note 3

## Investments

SECTIONS	Amount at beginning of year	Entries ds the boundary during the former.	Acquisitions & Contribution	disposals	Amount at end of year
FORMATION EXPENSES, R & D			1844284		1844284
OTHER CAPITAL INCORP.	210 224	2250	11,039,370		11251844
GAP ACQUISITION	846166				846166
grounds	642,070			303,820	338 250 1
Buildings on own land	2,845,985			1,644,235	201 750
Plant, tool. Industrial General installations, fittings, various			594529649470		594 529
Vehicles	489417	13312		187878	964 321 11
	9061278044		2351223040		412 521
Office equipment, computers, furniture		23441		3321	204
PROPERTY	4264577	36753	1469390	2139254	3631466
INVESTMENTS	978623	- 25502	808237	300352	1461006
TOTAL	6299590	13501	15,161,281	2439606	19034766

## Note 4

## The shock absorbers

SECTIONS	Amount at beginning of year	Entries ds the boundary during the former.	Depreciation	decreases	Amount at end of year
FORMATION EXPENSES, R & D			191259		191259
OTHER CAPITAL INCORP.	112 131		185541		297672
GAP ACQUISITION	253 850		84,616		338466
PROPERTY	1820807	30252	353706	1083247	1121518
INVESTMENTS	0				0
TOTAL	2186788	30252	815121	1083247	1948914

## Note 5

## Inventories and trade receivables

INVENTORY	Gross value	supplies	Net value 2000	Values Net 1999
Merchandise	15,783,578	62,342	15,721,236	8406718
RECEIVABLES	Gross	A 1 year or less	At more than 1 year	
TOTAL	16,678,997	15,401,982	1277015	

## Note 6

## Maturity of borrowings

CURRENT LIABILITIES	Gross	A 1 year or less	+ 1 year, 5 years +
TOTAL	38,430,469	31153023	7 277446

## Note 7

## Exceptional items

EXPENSES AND INCOME	loads	1380607	products 3697139
EXCEPTIONAL RESULT			2316532

## Note 8

## Change in equity

## CHANGES IN EQUITY

Equity group at beginning of year Profit for the year	9 142 716 8
Dividends	681 544 1 200 000
Entry into the consolidation scope Shooting Planet	44,679
EQUITY GROUP AT END OF YEAR	16,668,940

The integration of CHIL company did not generate variation on equity.



## Note 9

supplies  
for Risks and Charges

The provision for risks in the amount of 964 KF is destined to cover:

- 3P the dispute between a commercial agent before the Tribunal de Grande Instance of Evry for 769 KF.
- in a trial in Labor Court to 72KF.
- The loss caused by unsold Millenium operation for 124 KF.

The provision for foreign exchange loss of \$ 50 KF was formed to cover the unrealized losses arising from the translation at the exchange rate of March 31, 2000 3P debts in foreign currency.

Provisions for risks and charges	31 March 00	31 March 99
TOTAL	1014654	230 666

## Note 10

Composition  
2000 sales

SALES FIGURES	03/31/00	31/03/99	Growth in %
France England	31 774 10	24 835 5	27.94%
Belgium	875 3	520 3	97.01%
	755 3	031 1	23.89%
Germany Spain Italy	533 2	920 2	84.01%
Switzerland Austria	374 1	300	3.22%
Other export	366 1	300	355.33%
	248 1	853	46.31%
	435 1	579	147.84%
	599	754	112.07%
TOTAL	57959	40092	44.57%

in thousands of francs

## Note 11

## Off-balance sheet

commitments given

SECTIONS	Off-balance
Pledge of goodwill Notes receivable discounted	2 355 000 2
Documentary Credit-term foreign currency	536 758 2
Purchase Guarantees	500 000 300
	000 900 000
TOTAL	7 691 7587

commitments received

Mr. J. Marsac is backed by the lease contract SOFAL up rents remaining.

## Note 12

average number of the  
group

The staff of the 3P group down as follows:

	FRAMES	EMPLOYEES	TOTAL
STAFFING GROUP March 31, 2000	5	21	26

## Note 13

Earnings per  
share

Earnings per share	Number of actions	Net profit	Earnings per share
stock	2000000	8696356	4.35

## Note 14

## Share capital structure

The share capital of the company 3P consists of 2,000,000 shares of CHF 2.

Share capital structure	Nominal	initial capital	Increase	Capital at year end
Capital	2	400000	1600000	2000000

A double voting right is attributed to all fully paid registered shares registered in the name of the same shareholder for at least two years.

## Report of the Auditors

Ladies and gentlemen,

In compliance with the assignment entrusted to us, we have audited the consolidated financial statements of the company 3P, expressed in francs, for the year ended March 31, 2000 as attached to this report.

The consolidated financial statements were approved by the Board of Directors on 4 August 2000.

It is our responsibility, based on our audit, to express an opinion on these accounts.

We conducted our audit in accordance with professional standards: These standards require the implementation of procedures to obtain reasonable assurance whether the financial statements are free of material misstatement.

The audit involved examining, on a test basis, evidence supporting the information contained in these accounts. It also included assessing the accounting principles used and significant estimates made in the financial statements and evaluating their overall presentation.

We believe that our audit provides a reasonable basis for the opinion expressed hereafter.

We certify that the consolidated accounts are regular and sincere and give a view of the assets, financial position, and results of all of the companies included in the consolidation at the end of this year and last year .

Furthermore, we also verified the information given in the report on the management of the group. We have no comment to make on the fairness and consistency with the consolidated financial statements.

Done at Paris  
August 28, 2000

DYNEXPERT SA  
Company auditors Represented by Hervé Tymowski

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Paris

Fidula SA  
Company auditors Represented by Mr. Jean-Louis  
Rouzé

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